

AMENDED IN ASSEMBLY APRIL 16, 2001
AMENDED IN ASSEMBLY MARCH 27, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1138

Introduced by Assembly Member La Suer

February 23, 2001

An act to add ~~Section 63025.3 to~~ *and repeal Section 63025.3 of the* Government Code, relating to infrastructure development, ~~and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1138, as amended, La Suer. Infrastructure development: low-interest loans.

The existing Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank within state government with a board of directors having prescribed duties. Existing law authorizes the bank board to make secured loans and undertake related activities for the purpose of financing projects, as defined, that relate to economic development and infrastructure improvements, including, but not limited to, utilities and power facilities.

This bill would authorize *until January 1, 2007*, the bank board to make a low-interest loan to a sponsor or a participating party, as defined, for costs associated with the repowering, as defined, of existing *peak demand* electrical *powerplant* facilities or for the planning, design, construction, and startup of peak demand *powerplant* facilities of up to 150 megawatts, subject to specified conditions. The bill would declare

the intent of the Legislature to provide incentives to ~~build new power plants~~ repower existing powerplant facilities for peak demand periods and provide for construction and startup of new peak demand powerplant facilities in California.

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ~~2/3~~ majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares ~~that in order~~
2 ~~to encourage increased power generation in California, it would be~~
3 ~~useful to provide incentives to build new powerplants in~~
4 ~~California; all of the following:~~

5 (a) *Beginning in the summer of 2000 and continuing to the*
6 *present, the State of California has experienced unprecedented*
7 *energy shortages, which have contributed to enormous increases*
8 *in the prices paid for electricity in California's wholesale power*
9 *market and by all ratepayers.*

10 (b) *These sudden and severe energy shortages threaten the*
11 *health and safety of all California citizens, weaken the vital nature*
12 *of the high-technology economy which is exclusive to this state,*
13 *reduce the productivity of the state's farming community, and*
14 *disrupt the education of the children of the state.*

15 (c) *Because it is likely that serious shortages of electricity will*
16 *continue until sufficient additional generation capacity is installed*
17 *and operational, which could require several years, it is the intent*
18 *of the Legislature in enacting this act to facilitate the long-term*
19 *well-being of the citizens of this state by providing an incentive for*
20 *businesses to invest in electrical generation by making private*
21 *projects eligible for financing from the California Infrastructure*
22 *and Economic Development Bank.*

23 (d) *It is further the intent of the Legislature in enacting this act*
24 *to provide an incentive for the purposes of repowering existing*
25 *electrical powerplant facilities for peak demand periods and to*
26 *plan and design construction and startup of peak demand*
27 *powerplant facilities so they may expand their business and*
28 *simultaneously assist in producing and supplying electricity to the*
29 *consumers of this state.*

SEC. 2. Section 63025.3 is added to the Government Code to read:

63025.3. (a) In addition to other powers set forth in this division, the bank board may make a low-interest loan to a sponsor or a participating party for either of the following:

(1) Costs associated with the repowering of any existing ~~facilities for the generation of electrical power. powerplant~~ *facilities generating electrical power during peak demand periods.*

(2) Costs associated with the planning, design, construction, and startup of *powerplant* facilities for the generation of electrical power of up to 150 megawatts that are intended to operate only during peak demand periods.

(b) Loans made pursuant to this section shall be subject to the following conditions:

~~(1) The sponsor or participating party shall agree to give~~

(1) The sponsor or participating party is a business licensed and headquartered in this state.

(2) The sponsor or participating party shall agree to give the Department of Water Resources, California electrical corporations, municipal corporations, irrigation districts, or other public electric utility districts a right of first refusal to purchase any electricity produced by the powerplant facility for which the loan is made.

(3) The powerplant facility for which the loan is made is not or shall not be diesel operated.

(4) The electrical power generated by the powerplant facility for which the loan is made shall be used exclusively within the state.

(5) The loan amount shall not exceed 75 percent of the total cost of the project.

(c) For purposes of this section, “powerplant facility” means an electric transmission line, thermal powerplant, wind generating facility, hydroelectric electrical generating facility, or solar electrical generating facility.

(d) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2007, deletes or extends that date.

~~California utilities a right of first refusal to purchase any electricity produced by the facility for which the loan is made.~~

1 ~~(2) The participating party shall have an existing contract with~~
2 ~~the Independent System Operator or the Department of Water~~
3 ~~Resources.~~

4 ~~(3) The electrical power generated by the facility for which the~~
5 ~~loan is made shall be used exclusively within the state.~~

6 ~~(4) The loan amount shall not exceed 75 percent of the total cost~~
7 ~~of the project.~~

8 ~~SEC. 3. This act is an urgency statute necessary for the~~
9 ~~immediate preservation of the public peace, health, or safety~~
10 ~~within the meaning of Article IV of the Constitution and shall go~~
11 ~~into immediate effect. The facts constituting the necessity are:~~

12 ~~In order to provide timely relief from rapidly increasing~~
13 ~~wholesale energy costs and retail energy rates that are endangering~~
14 ~~the public peace, health, and safety, it is necessary that this act take~~
15 ~~effect immediately.~~

